

GRANGEX announces the successful completion of a Preliminary Economic Assessment for the restart of operations at the Sydvaranger Mine

Grangex is today pleased to announce the completion of the PEA, which was developed in accordance with international reporting criteria for mining projects. The PEA was managed by SLR Consulting Ltd ("SLR"), a Tier-1 international multidisciplinary consulting firm, and prepared according to international reporting standards.

The main highlights of the PEA are the following:

- NPV8 (Pre-tax) US\$1,215.1m
- Steady state cash cost 54.3 US\$/dmt concentrate
- Ultra-high-grade direct reduction magnetite concentrate, 70% Fe
- Steady state production of 15 years, total mine life of 19 years

On 1 November 2024, GRANGEX AB (publ) ("**Grangex**" or "the Company") announced the commencement of a preliminary economic assessment (the "**PEA**") for restart of operations at the Company's Sydvaranger mine, located in Kirkenes, Northern Norway (the "**Sydvaranger Mine**").

Grangex's stated strategy remains to restart production of ultra-high-grade direct reduction magnetite concentrate at the Sydvaranger Mine and to become a leading supplier to the European and global steel industries as they undergo the current 'green steel revolution'. The completion of the Sydvaranger Mine PEA is a material step forwards in the restart of the mine.

The currently estimated re-start of operations is in 2026 with first commercial production in early 2027. The PEA has confirmed Sydvaranger Mine's potential to produce an ultra-high-grade direct reduction magnetite concentrate with an Fe content of 70% with low deleterious elements, with the planned processing circuit upgrades. The Sydvaranger Mine is expected to produce an average of approximately 3mt of ultra-high-grade direct reduction magnetite concentrate annually. All produced concentrate will be exported from the Sydvaranger Mines' captive existing Kirkenes port terminal.

Background

As part of the PEA process, SLR developed two key options:

Option	Overview
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Option A	Utilizing the existing infrastructure with minor upgrades to enhance mill throughputs. Process will be upgraded to produce ultra-high-grade direct reduction magnetite concentrate. The concept is for early ore with a low upfront capital cost
Option B	The first three years will be the same as Option A. Thereafter, the Bjernevatn pit ore will be accessed at earliest scheduled opportunity and replacing the primary crusher to facilitate this option.

PEA Summary:

	Option A	Option B
Ore Mined, Mt	103.2	139.2
Waste Moved, Mt	258.8	357.7
Stripping Ratio	2.51x	2.57x
Ore Grade - Magnetic Fe	27.5%	28.17%
Material Processed, Mt	92.5	116.0
Concentrate Produced, Mt	39.2	54.3
Concentrate Grade	70%	70%
FOB Selling Price (US\$/dmt con.)	106-142	106-142
Mining costs (US\$/dmt con.)	43.48	42.02
Processing, Maintenance, Rail (US\$/dmt con.)	36.65	17.99
Total average - Unit cash operating cost (US\$/dmt con.)	81.87	61.99
Steady state years	17	15
Steady state cash cost (US\$/dmt con.)	78.5	54.3
NPV8 (Pre-tax) US\$	734.1m	1,215.1m
IRR (Pre-tax)	65.1%	46.9%

The PEA Executive Summary is available on the Company's website at: www.grangex.se and is attached to this press release.

Conclusion

The conclusion from SLR is that based on the results of the PEA and future market expectations, Option B would be suitable to advance to a Definitive Feasibility Study ("DFS").

Based on the results of the PEA and the associated recommendation from SLR, Grangex will now together with its advisors, immediately commence a DFS on Option B and continue the development of the Sydvaranger Mine towards a final investment decision. The expected completion date of the DFS is July 2025. Further announcements regarding the Sydvaranger Mine project development will be made by the Company as appropriate.

Christer Lindqvist, Chief Executive Officer of Grangex, states: *"Today I am proud to announce the completion of the PEA for Sydvaranger. The PEA confirms the potential for Sydvaranger to become a world-class producer and to play a significant role in enabling the European and global steel industries in the transition towards more sustainable methods of steel production."*

Grangex was founded on the principle of identifying high quality mine assets that have the potential to be brought back into production utilizing latest processing technologies and modern mining techniques. Grangex continues to deliver on this principle and the completion of the PEA now positions Sydvaranger as the largest development stage iron ore asset in Europe.

I would like to thank the SLR team and all other related advisors and the full Grangex team for their hard work in delivering this PEA on time. Having spent substantial time in Kirkenes during the PEA process, I would also like to thank the local communities and members of the Norwegian government whose continued support will be crucial in the next phases of our development.

We will now immediately move to the DFS stage and I look forward to continue delivering on our promises to our shareholders – your continued support will be rewarded."

PEA Highlights

Pre-Production Capital Expenditure

Total pre-production capital expenditure for the Sydvaranger Mine has been estimated for both Option A and for Option B. The initial capital expenditure estimate is classed as an Association for Advancement of Cost Engineering International ("AACEI") Class 5 estimate.

	Option A	Option B
Mining	22.78	25.47
Ore Handling	0.88	117.12
Processing Plant	11.68	53.67

On-Site Infrastructure	10.04	10.04
Off-Site Infrastructure	12.54	12.54
Owner's Costs	16.00	19.02
Indirect Costs	6.11	43.10
Contingency	24.40	66.94
Total US\$	104.44m	347.91m

Capital expenditure for mining equipment is based on leasing.

The total project contingency for Option A is 30.49% of project cost (excluding contingency) and for Option B is 23.83% of project cost (excluding contingency).

Sustaining Capital Expenditure

The PEA has applied a 2.5% of pre-production capital expenditure as annual sustaining capital expenditure. This resulted in a total sustaining capital expenditure of US\$61.1m for Option A and US\$139.49m for Option B.

Pricing

In order to establish a Kirkenes Port FOB price for the Sydvaranger Mine's production, Grangex retained Fastmarkets, a leading global commodity price reporting agency in the metals and mining space, to conduct an independent market study to confirm the following:

- Forecast price for 2026 to 2045 for the 62% and 65% iron ore indices
- Forecast Kirkenes Port FOB price for the Sydvaranger concentrate specification.

The FOB Kirkenes price for the Sydvaranger Mine high-grade magnetite concentrate has been forecast by Fastmarkets as US\$106/t in 2027, rising to a peak of US\$142/t by 2035. The forecast for the period 2026 to 2045 has been utilized in the PEA for the financial analysis of the Sydvaranger Mine.

Qualified Persons

Competent Person: Mr. John Walker (FGS, FIMMM, QMR) Principal Mining Engineer with SLR Consulting UK Ltd, is a Competent Person as defined by JORC (2012). Mr. Walker will be responsible for the estimation of the Ore Reserves following the guidelines of the JORC Code, 2012 edition as part of the next stage DFS.

Competent Person for Mineral Processing: Mr. Bo Arvidson (PhD) of Bo Arvidson Consulting LLC, is the Competent Person defined under JORC (2012) based on being a Qualified Person (QP) under NI 43-101, responsible for metallurgical test work and process flowsheet design.

Competent Person for Process Plant Engineering: Mr. Chris Stinton (C.Eng.), Zenito, is the Competent Person for the process plant engineering.

Contacts

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About Us

GRANGEX is a Swedish mineral development company with the vision to actively contribute to a sustainable society within Europe. The company strives to become the foremost mineral development group in Europe, developing and conducting responsible extraction and recycling of minerals, primarily iron ore products and other critical minerals for the green transition. Through its products, GRANGEX will contribute to a reduced climate impact while minimising its own environmental and climate impact.

The company's share (short name GRANGX) is traded on Nasdaq First North Premier Growth Market Stockholm, with G&W Fondkommission as Certified Adviser.

ISIN: SE0018014243

For more information www.grangex.se/

This information is information that GRANGEX AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2025-01-23 08:20 CET.

Attachments

[Sydvaranger Drift AS PEA](#)